

# 6 Countries Where Bitcoin Is Banned

If you're caught trading bitcoin or using bitcoin to buy goods in these six countries, you could go to jail.



Sean Williams (TMFUltraLong)  
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When the calendar changes to 2018, investors will almost certainly look back on 2017 and label it as the "year of the cryptocurrency." Since beginning the year with an aggregate market cap of \$17.7 billion, the value of all cryptocurrencies combined recently surged, at least temporarily, to more than \$325 billion. That's better than a 1,700% return in about 11 months' time, and it's emblematic of just how widespread optimism has been for digital currencies this year.

## Why virtual currencies are off to the races

This optimism has essentially taken on three forms.



IMAGE SOURCE: GETTY IMAGES.

First, there are those who are excited about the [potential for blockchain](#), the digital and decentralized ledger that logs virtual currency transactions in a secure and efficient manner without the need for a financial intermediary like a bank. Enterprise customers are showing plenty of interest in blockchain, and since nearly all are open-source networks, it would make altering logged data practically impossible. That makes blockchain particularly secure.

Another group of optimists is encouraged by the uptake of digital currencies by merchants. A number of brand-name businesses have begun accepting bitcoin, the largest virtual currency by market cap, with online retailer **Overstock.com** [opening its arms to six popular cryptocurrencies](#). The belief is that as more merchants jump on board, the staying power of these virtual currencies will increase.

Finally, we can't argue against the role emotions have played in sending cryptocurrencies higher. The fear of missing out on big gains has perpetuated consistently strong buying in bitcoin and other digital currencies.

### **Six countries that just said "No" to bitcoin**

However, bitcoin's ascent hasn't been without some notable speed bumps. Because it's not backed by a central bank or government, it's frowned upon in certain countries. For instance, earlier this year China outlawed initial coin offerings, which often involve exchanging bitcoin for newly issued virtual currency. The economic giant also announced the closure of domestic cryptocurrency exchanges. While it hasn't outlawed bitcoin, China has made trading or owning bitcoin a real challenge for its citizens -- and bitcoin is banned for banking institutions.



IMAGE SOURCE: GETTY IMAGES.

**But six other countries have entirely banned bitcoin:**

1. **Bolivia:** Back in June 2014, the Bolivian central bank officially banned any currency or coins that aren't regulated by the government. Included in its list of examples was bitcoin. Bolivia's central bank also prohibited its citizens from denominating prices in any currency that its national institutions haven't previously approved.
2. **Ecuador:** Not long after Bolivia's central bank banned bitcoin, Ecuador also removed its welcome mat in July 2014. The country's National Assembly of Ecuador banned bitcoin and other digital currencies while laying the framework for the creation of a new, state-run currency. In other words, the government has the permission to make payments in electronic money, but other digital currencies, like bitcoin, are banned for its citizens.
3. **Kyrgyzstan:** In July 2014, the National Bank of the Kyrgyz Republic made it crystal clear that using bitcoin, or any digital currency, as a form of payment is illegal. The only legal tender in Kyrgyzstan is the som, the country's national currency. The Kyrgyz National Bank cited that bitcoin's lack of governmental backing makes public or private regulation almost impossible.
4. **Bangladesh:** Bangladesh also followed suit in September 2014. The Bangladeshi central bank cited bitcoin's lack of a central payment system as the reason behind the ban, which it believes would allow people to be "financially harmed." Long story short -- if you're caught trading in bitcoin in Bangladesh, it could lead to legal trouble under the Foreign Currency Control Act of 1947 and the Money Laundering Control Act of 2012.
5. **Nepal:** Though it might not be a well-known fact throughout the country, bitcoin is illegal in Nepal, according to Kedar Prasad Acharya, the deputy director of Nepal Rastra Bank. The Nepalese government banned bitcoin on account of not being able to track its transactions, and it has gone so far as to arrest individuals suspected of trading bitcoin.
6. **Morocco:** The newest ban, coming as of November 2017, was in Morocco, which ironically came just days after domestic digital services provider MTDS announced that it would accept bitcoin as payment for the first time. Like the other countries before it, Morocco's central bank cited "a hidden payment system that is not backed by any financial institution" as its reasoning for banning bitcoin and other digital currencies.

And soon we might be adding Russia to the list. The country's deputy finance minister, Alexey Moisev, noted in September that payments made in cryptocurrencies may soon be banned.



IMAGE SOURCE: GETTY IMAGES.

### **Regulation is a double-edged sword**

In many ways, this demonstrates that regulation is a double-edged sword for bitcoin. On one hand, the **CME Group** announcing that it'll list bitcoin futures by the end of the year, and Japan accepting bitcoin as legal tender earlier this year, helps validate its existence and use. On the other, central banks and governments have the authority to squash bitcoin and keep it out of lucrative markets. We could be talking about tens of billions of dollars whose investors are willing but unable to invest in bitcoin.

And this is just one of about a [half-dozen major risks](#) that bitcoin faces on a daily and long-term basis. In addition to regulatory concerns, bitcoin has to try to stand out from a growing number of cryptocurrencies, each of which is likely sporting its own unique blockchain technology that could appeal to enterprise customers. If its blockchain or token isn't as appealing as other virtual currencies, or if investor emotions shift, we could just as easily be having a discussion about bitcoin losing half its value in the blink of an eye.

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\*Stock Advisor returns as of February 5, 2018

Sean Williams has no position in any of the stocks mentioned. The Motley Fool recommends CME Group. The Motley Fool has a [disclosure policy](#).

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